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ABSTRACT

These five study papers (1) analyze recent performance contracting experiences, (2) discuss education voucher proposals and prospects, (3) assess potential federal revenue sources for education, (4) provide an inventory of federal programs in aid to education, and (5) examine the status of nonpublic education. The first study suggests that schools must determine if performance contract programs affect the overall school environment and attitudes toward learning and if they are cost effective. The second study notes that the advantages and disadvantages of education vouchers will not be known until there is an actual voucher experiment to analyze. The suggested new federal revenue sources include (1) increased taxes on alcohol and tobacco products, (2) an education trust fund, (3) a national lottery for education, (4) reenactment of certain federal excise taxes, and (5) a value added tax. Some federal programs inventoried include those affecting the education of preschool and K-12 children, those administered or conducted by State or local agencies, public or private programs, or those affecting teacher training or other personnel. A statistical overview of and national, State, and local public policy alternatives for nonpublic education conclude the document. (For related document, see ED 058 473.) (Author/JF)

ED 058 507

Selected Staff Studies in Elementary and Secondary School Finance

AA000 811

Submitted to The President's Commission on School Finance

THIS IS ONE OF SEVERAL REPORTS PREPARED FOR THIS COMMISSION. TO AID IN OUR DELIBERATIONS, WE HAVE SOUGHT THE BEST QUALIFIED PEOPLE AND INSTITUTIONS TO CONDUCT THE MANY STUDY PROJECTS RELATING TO OUR BROAD MANDATE. COMMISSION STAFF MEMBERS HAVE ALSO PREPARED CERTAIN REPORTS.

WE ARE PUBLISHING THEM ALL SO THAT OTHERS MAY HAVE ACCESS TO THE SAME COMPREHENSIVE ANALYSIS OF THESE SUBJECTS THAT THE COMMISSION SOUGHT TO OBTAIN. IN OUR OWN FINAL REPORT WE WILL NOT BE ABLE TO ADDRESS IN DETAIL EVERY ASPECT OF EACH AREA STUDIED. BUT THOSE WHO SEEK ADDITIONAL INSIGHTS INTO THE COMPLEX PROBLEMS OF EDUCATION IN GENERAL AND SCHOOL FINANCE IN PARTICULAR WILL FIND MUCH CONTAINED IN THESE PROJECT REPORTS.

WE HAVE FOUND MUCH OF VALUE IN THEM FOR OUR OWN DELIBERATIONS. THE FACT THAT WE ARE NOW PUBLISHING THEM, HOWEVER, SHOULD IN NO SENSE BE VIEWED AS ENDORSEMENT OF ANY OR ALL OF THEIR FINDINGS AND CONCLUSIONS. THE COMMISSION HAS REVIEWED THIS REPORT AND THE OTHERS BUT HAS DRAWN ITS OWN CONCLUSIONS AND WILL OFFER ITS OWN RECOMMENDATIONS. THE FINAL REPORT OF THE COMMISSION MAY WELL BE AT VARIANCE WITH OR IN OPPOSITION TO VIEWS AND RECOMMENDATIONS CONTAINED IN THIS AND OTHER PROJECT REPORTS.

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SELECTED STAFF STUDIES IN ELEMENTARY AND SECONDARY SCHOOL FINANCE

Study Papers Prepared by Staff of the
President's Commission on School Finance
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TABLE OF CONTENTS

RECENT EXPERIENCE WITH PERFORMANCE CONTRACTING IN EDUCATION..... 1

EDUCATION VOUCHERS: PROPOSALS AND PROSPECTS.....17

SOME NEW FEDERAL REVENUE SOURCES FOR EDUCATION.....37

AN INVENTORY OF FEDERAL PROGRAMS IN AID TO ELEMENTARY AND SECONDARY EDUCATION.....51

MOVING INTO THE 70'S: THE STATUS OF AMERICAN NONPUBLIC EDUCATION.....69

RECENT EXPERIENCE WITH PERFORMANCE

CONTRACTING IN EDUCATION

by

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January 1972

RECENT EXPERIENCE WITH PERFORMANCE CONTRACTING IN EDUCATION

I. DEFINITIONS AND BACKGROUND

A performance contract is a legal agreement between two parties in which one party promises to execute some specific act in return for a consideration of value from the other. The outcome actually achieved determines the specific payment to be made.

Performance contracting gained popularity with the Department of Defense after World War II as a method of inducing contractors to adhere to delivery schedules and reduce costs. Contractors fulfilling or exceeding contract specifications often receive cash bonuses.

The past several years have witnessed a substantial growth of performance contracts in the field of education. An educational performance contract is an agreement between a school agency and a private concern whereby the contractor instructs a group of students in a prescribed subject area. The contract payment is determined by the measured achievement of the students. In most cases, achievement is defined as the difference between the results of two tests: a norm-referenced test administered at the start of the program and another form of the test at its completion.

Many contracts stipulate that the firm will receive a reduced or zero payment if a student does not perform but that they will receive

a bonus for each student who exceeds contract specifications. Thus, in a contract for educational services, the school has a guarantee of performance for a budgeted expenditure; and the supplier of the service has a strong incentive to meet or exceed the contractual requirements.

The impetus for performance contracting in education has come from several sources. The public is increasingly concerned about the failure of schools to provide training -- particularly in reading -- that will convert students into effective and productive citizens. (It has been estimated that one-fourth of all students in the Nation have major reading deficiencies and that more than 3 million adults are illiterate.[1]) Learning systems specialists, with their use of new techniques and equipment, may be able to better help the slow learner and the underachiever.

Another impetus for the adoption of performance contracts has been the educational accountability movement. With taxpayers revolting against the rising costs of public education by voting down school bonds and tax increases, school boards see performance contracts as a method of holding down costs. Parents are assured that their tax money won't be spent on programs that don't work.

Practically all contracts signed so far have been in the areas of basic reading and mathematics, skills which are considered critical to the mastery of virtually every other subject children will confront in school. The programs employ a wide spectrum of teaching techniques,

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[1] Reading Crisis: the Problem and Suggested Solutions. Washington: National School Public Relations Association, 1970, p. 1.

materials, and approaches. Most programs are based on highly individualized instruction. Some contractors use teaching machines extensively while others use none. Some programs emphasize extrinsic incentives; others rely exclusively on intrinsic motivation. Some stress the importance of changing the classroom environment while others use familiar surroundings and well-known materials. This heterogeneity should not be surprising since performance contracting is not in itself a program but a method for attaining different types of objectives.

II. RECENT EXPERIENCE WITH PERFORMANCE CONTRACTS

A. The Texarkana Experiment

The first significant performance contract in education was signed in September 1969 when the Texarkana School District entered into a contract with Dorsett Educational Systems of Norman, Oklahoma in an effort to remove learning deficiencies for about 350 students in the seventh, eighth, and ninth grades. At a cost of $80 per student Dorsett agreed to increase the students' math and reading ability by one grade level for each 80 hours of instruction. The contract also called for penalties to be assessed against Dorsett for any student who failed to achieve the specified performance level and for bonuses to be paid for students whose progress exceeded the guarantee.

457-436 O - 72 - 2

Dorsett established "rapid learning centers" in which potential dropouts who were at least two grade levels behind in math and reading enrolled for an average of two hours per day. The students progressed at their own rate through a course of instruction which consisted of programmed reading and math materials presented largely on a film strip and record teaching machine. Student achievement was rewarded with items such as green stamps and transistor radios.

Gains in learning reported in the first year were impressive. Two hundred and fifty of the 350 students improved an average of one-and-a-half grades, and only 3 had dropped out. Dorsett received $105,000 in payment, just breaking even on the project.

In terms of cost-effectiveness, the results were also impressive. The actual cost of producing a grade level gain in reading under the performance contract was $81, including overhead. This compared with an estimated cost of $125 to produce a grade level achievement in the conventional Texarkana programs.

However, an independent auditor's report concluded that the first year's gains were "invalid" as the learning machines were programmed with questions the students would have to answer on their national achievement tests.

B. The OEO Experiment

The Texarkana project attracted much national attention and was followed by a number of other experiments -- the most notable

being the $5.6 million program under the Office of Economic Opportunity during the 1970-71 school year. In undertaking the performance contract experiment, the OEO stated two national goals of the project:

1. To determine how effective teaching methods and/or technology under incentive payment systems can be in producing large-order gains in reading and mathematics, and
2. To conduct a rigorous evaluation of the impact of each of the districts' programs per student performance and the relationship of performance costs.

Twenty school districts were selected which represented diverse geographic and racial settings. The common elements of the selected schools were that the 13,000 children largely performed below grade level in reading and math and were mainly from low-income families.

Six private instructional firms were contracted with in three locations each. The companies, to differing degrees, combined student and teacher incentives with educational technology involving the use of teaching machines, audio-visual materials, and programmed taxts. The two remaining school districts contracted with the local teachers organizations (affiliates of the National Education Association) to test the impact of a teacher performance incentive approach.

OEO also contracted with 2 other organizations. Educational Turnkey Systems of Washington, D.C. served as the management support group by assisting in designing the experiment and providing on-site consultation. Battelle Memorial Institute of Columbus, Ohio served as the independent evaluator to conduct all pre- and post-tests for purposes of paying the contractors and auditing students' results.

On January 31, 1972, after long and careful analysis of test results, the Office of Economic Opportunity reported that its performance contracting experiments produced "no significant improvement" in reading and mathematics achievement. The children in company-run classes averaged just as poorly on standardized tests as other low-income children in each of the participating school districts. All 6 companies lost money, and OEO has decided not to fund any more business-run ventures in the schools.

C. The Banneker School

In September 1970, the school district of Gary, Indiana signed a four-year, $2.6 million contract with Behavioral Research Laboratories (BRL) of Palo Alto, California to run an entire elementary school on a money-back guarantee basis. BRL promises to bring the 840 black inner-city students of the Banneker school up to national standards in reading and mathematics within 3 years or refund the entire cost per child. The school district pays the company about $670,000 a year, or $800 for each student -- the district's cost of educating each pupil in 1969-70. Out of this money BRL pays teachers' salaries and rent on the school building, furnishes instructional materials, and provides an independent testing auditor. BRL must refund the full $800 for

every child who doesn't perform up to national standards. Anything left over is BRL's income. Although BRL is rewarded on the basis of reading and math achievement, it has responsibility for all other curriculum areas.

Banneker is not run like an ordinary school. Upon taking over operation of the school, BRL reduced the number of teachers from 34 to 24 and changed their title to "curriculum managers." The curriculum managers are aided in class by 28 "learning supervisors" who are paraprofessionals hired from the local community at $4,000 a year.

Instead of a principal, Banneker has a "school manager" whose job is to plan and organize the education program and keep performance records. The present school manager is a former systems analyst.

The company relies heavily on its own reading and math programs, allowing students to work individually in workbooks and to proceed at their own pace. The primary task of the curriculum managers isn't to lecture but rather to organize these workbooks into short lessons, supplemented by tapes and film strips.

Motivating teachers is also part of the BRL program. The company offers them overtime for staying after class to work with slow learners. A teacher can earn as much as $3,000 extra a year, boosting earnings to around $13,000.

According to the results from the Metropolitan Achievement Test given on June 1, 1971, 72.5 percent, or 396 of 546 children in grades 2 through 6 at Banneker, made average gains in reading, mathematics, or both in an eight-month period. Thirty-two percent made one-and-one-half years' gain or more. In addition, 90 percent, or 72 of 80 kindergarten children, scored at or above national academic "readiness" norms, indicating the likelihood of their future success in school. Unfortunately, no comparisons can be made between the Banneker students and students in other Gary schools as the Iowa Test of Basic Skills was used to measure achievement results in all schools but Banneker.

Following an auditor's report, Behavioral Research Laboratories received $662,982 for the first year out of a potential maximum of $737,671. The auditor reported that the average cost per student at Banneker was $830, about 10 percent less than the city-wide average for elementary schools.

D. Philadelphia

On August 19, 1971 the School District of Philadelphia announced partial success in improving reading skills under a contract with Behavioral Research Laboratories. BRL guaranteed at least a 1 grade improvement in reading coupled with attendance of 150 days. For those students meeting these standards, the firm was paid $40 each. For those students gaining a year's progress but attending less than 150 days, the firm was paid $20. No payment was made for those pupils who attended the required number of days but gained less than 1 year's experience.

Of the 14,261 students participating in the BRL program, only 4,929 qualified for the $40 payment. Another 4,347 qualified for the $20 payment. However, the Board of Education has not attempted to evaluate the effectiveness of the program by comparing the unit costs of achievement in the performance contract to the conventional reading program.

E. The Virginia Experiment

With support from ESEA Title I funds, the State of Virginia signed a $191,000 contract with Learning Research Associates (LRA) of New York City to teach reading to 2,430 students in 7 school districts during the 1970-71 school year. LRA guaranteed that each normal child in the program would gain at least a 1.7 grade level increase after a 6 month program.

The program was run in 17 different schools. In each, a room was set aside as a special learning center, stocked with workbooks and tapes and run by a company-trained teacher. Each special teacher handled 5 shifts of about 25 students a day, but the children spent most of their time going through the workbooks on their own.

On August 6, 1971 the Virginia State Education Department reported that the children in the guaranteed program averaged no better than their cohorts in the 7 school districts. The average reading gain reported was about 4 months, which was the same as for children with similar reading problems in regular classes. The report also said that the cost of the gains that did occur was greater in the

business-run program than in regular classes in 5 of the 7 districts. Because of the poor results, LRA will be paid $35 less per child than the maximum it could have earned.

III. ALLEGED ADVANTAGES AND DISADVANTAGES OF PERFORMANCE CONTRACTS

Proponents of performance contracts cite several advantages:

1. Accountability: Since final payment to the contractor is contingent upon student performance, the contractor must show measurable results for his efforts. If the contractor fails, he isn't paid. The school board can get a meaningful indication of the actual costs of performance, a valuable tool for decision-making. Furthermore, taxpayers are guaranteed that they don't have to pay for programs that don't work.

2. Dropout prevention: There is some evidence that children drop out of school because of poor academic performance. If achievement can be improved through a performance contract program, more children may stay in school.

3. Better overall performance: The performance contract forces a school to decide what it wants to accomplish, how accomplishment will be measured, and how it will be rewarded. Thus the decision-making process revolving around consideration of a performance contract may

well result in more clearly defined goals for teachers and administrators.

4. Individualization of instruction: Performance contracting may offer a cost-effective vehicle for introducing individualized instruction, particularly in the less affluent inner-city schools.

Critics charge that performance contracts have many inherent disadvantages:

1. Performance contracts take control over the educational process away from the public.

2. The scheme helps big business establish an educational monopoly.

3. Performance contracts encourage distrust and a lack of cooperation among teachers.

4. Performance contracts induce cheating and teaching to the test.

5. Too much pressure is placed on students, forcing them to be overly competitive.

Judged from the experience so far, only objections 4 and 5 appear to have any substance. Some "teaching to the test" was alleged to have occurred in the initial Texarkana experiment, but extensive safeguards to prevent test result contamination have been built into subsequent contracts. The problem of classroom competition has always existed; but under performance contracting, the student competes only against himself.

457-436 O - 72 - 3

The growing use of performance contracts has been accompanied by a growing controversy about the validity of standardized tests as a proxy for school output. Some educators feel that objective testing procedures do not correctly measure the real, long-term gains achieved. In the Virginia experiment, for example, the state report indicated that although the students did not fare better than their cohorts on the achievement tests, they did appear to develop more positive attitudes toward learning.

As part of the evaluation of the first year of the Banneker experiment, parents' reactions to the program were surveyed. Eighty-seven percent of the parents felt that the Banneker program should be continued. Seventy-nine percent thought their children had made greater improvement in reading than in the previous year, and 84 percent felt that their children had made better progress in mathematics. In addition, 81 percent of the parents said that their children had made good progress in social studies, science, art and music. Seventy-one percent of the parents noted that their children read more at home and 79 percent indicated that their children talked more about school. Seventy-eight percent said that their children liked school more.

Performance contracts may well generate strong effects other than their impact on student achievement. The programs may also affect school relationships with parents, taxpayers, and community action groups. Evaluations of performance should perhaps not only concentrate on the specific achievement aims but also look at the entire program as it affects the overall education environment.

IV. PROFESSIONAL ATTITUDES TOWARD PERFORMANCE CONTRACTS

The professional response to both the concept of and experimentation with performance contracting has been less than enthusiastic. At their 1970 national convention, the American Federation of Teachers adopted a resolution opposing performance contracting because it "incorporates such dubious educational practices as merit pay incentives to teachers, overreliance upon standardized testing, and the use of teaching machines." They further resolved that "all AFT locals be urged to educate their members, boards of education, as well as parent and community groups to the educationally negative aspects of performance contracting."

While the National Education Association has not officially opposed the concept of performance contracting, it has issued a policy statement "....cautioning its 1.1 million members against the pitfalls of performance conctracting in schools." The NEA did, however, oppose the OEO performance contract experiment even though 2 NEA affiliates participated in the program.

As part of the Commission survey of state educational committee chairmen, the respondents were asked how they felt about performance contracts. Interestingly, 70 percent of the legislators had little or no knowledge as to just what performance contracts are. Nevertheless, 43 percent stated that they felt performance contracts would increase student achievement while 28 percent felt they would result in higher per-pupil costs. Forty-three percent had no opinion. Most big city school superintendents, responding to another Commission survey, felt

that performance contracts could improve student achievement, though they were divided as to whether they felt performance contracts would lead to higher or lower per-pupil costs.

V. CONCLUSIONS

Although achievement results from experiments conducted so far have been generally disappointing, performance contracts may have considerable potential for improving efficiency in education, at least in terms of the attainment of short-run objectives that are susceptible to measurement by standardized objective tests. So far, practically all performance contracts have been for reading and mathematics, areas in which most educators agree on specification and measurement techniques. Typing, shorthand, and other forms of vocational education could also lend themselves to performance contracting since they possess well-established standards of achievement. Future expansion of performance contracting into other areas will likely depend on the development of more acceptable norm-referenced and criterion-referenced measures of achievement.

Until additional experiments are conducted, no definitive judgments can be made regarding the efficacy and impact of performance contracts. In the final analysis, and in specific reference to school finance, two key questions must be answered:

1. Are they cost-effective? i.e., how do per-pupil costs compare with conventional programs per unit of educational achievement? and
2. How do performance contracts affect the overall school environment and attitudes toward learning?

EDUCATION VOUCHERS:

PROPOSALS AND PROSPECTS

by

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January 1972

EDUCATION VOUCHERS:

PROPOSALS AND PROSPECTS

A good deal of attention has recently been paid to voucher plans. Essentially, vouchers are scrip worth a certain amount of money given to parents to be "spent" for their children's education at any public or private school. The student would turn in the voucher at the school of his choice; the school would then turn it into a government agency to collect its money.

It is interesting to note that despite the many conflicting comments over voucher plans, they are supported by people with contrasting political views. Opposing ideologies have assumed similar postures for different reasons. Conservatives favor the competition for educational funds generated by the voucher, while liberals see the voucher as an agent for reforming an unresponsive school system.

The rationale for having a voucher system is to give to parents the choice of schooling for their children. In the process, schools would be financed to the extent that they meet public demands. Advocates say that public schools are unresponsive to educational needs because they are more concerned with maintaining their own vested interests and less susceptible to community concerns. Further, a lack of competition exists for attracting students and as a result, schools have a captive

clientele. Presently, these advocates say, effective control over the character of public schools is for the most part vested in the hands of legislators, school boards, and educators -- not parents. By trying to please these interests, schools very often run contrary to the educational needs of their students. They go on to say that the local public school is the only alternative available to the average parent unless he happens to belong to one of the denominations that maintains low-tuition church schools. Only relatively affluent parents retain any effective control over the education of their children. Only they are free to move to school districts with "good schools" or afford private schooling.

A BRIEF HISTORY OF THE VOUCHER CONCEPT

Adam Smith, in 1776, suggested that the master of a public school should receive only part of his salary from the Government. "If he was wholly, or even principally, paid by it, he would soon learn to neglect his business."[1/] A few years later, Thomas Paine proposed that state governments pay poor families a small amount to provide for the education of each child under 14. Perhaps the earliest clear expression of the voucher idea was by John Stuart Mill:

> If the government would....require for every child a good education....(I)t might leave to parents to obtain the education where and how they pleased, and content itself with helping to pay the school fees of the poorer classes of children, and defraying the entire school expenses of those who have no one else to pay for them.[2/]

[1/] A. Smith, Wealth of Nations.
[2/] J.S. Mill, On Liberty.

More recently, the G.I. Bill of Rights and various state scholarship programs, while designed to finance higher education, do follow Smith's ideal of consumer sovereignty. Government expenditures for elementary and secondary education have been largely confined to schools that are actually managed by public officials. Several states, however, provide tuition grants to handicapped children who cannot be accommodated in the local public schools. These public grants permit families to shop for the private school of their choice.

University of Chicago economist Milton Friedman first proposed a voucher scheme in 1953, and again, with more widespread interest, about a decade later. His support of the idea was based primarily on his belief that a competitive free enterprise system in education would bring the same advantages as those claimed in the commercial and industrial sectors -- namely, consumer choice, competitive prices and wages, and increased efficiency. The schools of the poor, he believed, have to improve or lose their customers the same way other schools have been losing the children of the upper and middle classes.

In the late 1950s, nonpublic school supporters saw in the G.I. Bill a model that might be used to provide aid to church schools without violation of the constitutional barriers between Church and State. Recently, court decisions and growing urban pressures have led many others to view the voucher favorably -- one group seeing it as a device by which parents and students could circumvent Supreme Court decisions on integration and another group viewing it as a way to minimize the expense of private schooling which they had chosen, rather than to send their children to deteriorating inner-city public schools.

QUESTIONS TO ASK

One serious question regarding voucher plans deals with the appropriateness of the free enterprise model as a disseminator of public services. Whether vouchers are being considered for financing education, housing, medical care, or transportation, questions can be raised about the efficiency of competition, the tendency for private enterprise to concentrate on profits rather than the quality of the service provided, and the dangers of inappropriate advertising. It is, of course, possible that many of the dangers can be avoided by intelligent regulation.

Another question is how a voucher system is likely to work once put into operation. How would a voucher agency be appointed? If student demand for a particular school out-ran the school's available space, how would students be selected? How much would vouchers be worth? Would more money be provided for students with greater educational need? Would transportation costs be supplementary to the voucher to accommodate pupils from one area to schools in another? Would entire school districts or larger areas be required for effective operations under a voucher plan, or could part of a school district operate effectively?

The question of whether parents would actually join in the school selection process is a common concern and central to the success of a voucher plan. If parents do not actively seek the best schools, given such an option, then, it is said, mediocre schooling would thrive and hucksterism abound. Average and below average schools would drive out high quality institutions, setting in motion an educational equivalent of Gresham's Law. This argument is aided by those who envision great

numbers of profit-oriented firms entering the educational marketplace. Supporters of vouchers would ask for an examination of existing non-public schools as evidence in opposition to this line of reasoning. Some nonpublic schools do attempt to operate at a profit while also soliciting for students; most, however, do provide an education no worse and often much better than the public schools. There is no reason to suppose that vouchers would change all this.

A fourth general question is what kinds of changes would a voucher plan likely bring to education. Perhaps the answer to this would be better served in a more complete discussion of the arguments for and against vouchers.

THE VOUCHER DEBATE

As already stated, a discussion of education vouchers arouses the passions of people on both the ideological left and right. Those favoring vouchers hold that giving parents a greater sense of control over their environment, particularly their children's education, is in itself a valid end. Parents would feel more responsible for the results of schooling if they had more control over the process.

A common objection to vouchers is that they would destroy the public schools as they are presently constituted. John B. Davis, Jr., Superintendent of the Minneapolis Public Schools, writing in opposition to vouchers said that a voucher system contains "....the fast-growing seed of public school and community destruction." He further asserted that "the OEO Voucher Proposal represents a radical

and, in my mind, irreversible change in both the governing philosophy and the institutional structure of American education." Others, such as Albert Shanker, President of the United Federation of Teachers, think that the result of vouchers "is inevitable -- the end of public schools and the establishment of a system of tax-financed education." However, if one observes the educational choices made by wealthy parents who can select any priced education they want for their children, one finds that many still prefer their local public schools if they are deemed adequate.

Nevertheless, some hold that it would be fair to expect some shrinkage of the "public" sector and some growth of the "private" sector due to the increase of profit-oriented institutions into the marketplace. Here they are traditionally defining as "public" every school that is ultimately responsible to a public board of education. More realistically, many "public" schools are not actually open to everyone. Pupil assignments are made by regulations of school boards, which invariably direct attendance of those schools within close proximity of the homes of children. Schools become something less than public when racially exclusive suburbs and economically exclusive neighborhoods serve to ration their access in the same way that admissions committees and tuition charges ration access to "private" schools. Under a voucher plan, accessibility to a school would not be limited by distance, and any school that would be accepting a voucher for tuition purposes, would be considered a public school.

Another objection to vouchers is that they would be made available to church-related schools, thus raising questions of constitutionality. A voucher system could be implemented to restrict participation to non-sectarian schools.

It is not the intent of this paper to get involved with citing constitutional law; however, the "free exercise of religion" clause of the First Amendment can be construed to mean that the State is required to treat church schools in the same way as other private schools. In fact, on the matter of public support for services, the Supreme Court has never ruled on G.I. Bill payments to religious colleges or medical payments to religious hospitals.

Yet another point of debate concerning vouchers is that its success depends to a large extent on a voucher agency's willingness to actively and decisively regulate the marketplace. If vouchers were used nationally, state and local regulatory agencies could work to seriously undermine the system's positive aspects through their lack of uniformity and possibly because of their nonexistence. An example of what could happen would be the disregard of laws designed to prevent racial and economic segregation at the state and local level. It was just this type of fear that led the NAACP, at their July, 1970 convention, to condemn the voucher plan in principle, saying, "The results would be the perpetuation of segregation in schools." Also, the National Education Association at their July, 1970 convention passed a resolution saying that vouchers "could lead to racial, economic, and social isolation of children and weaken or destroy the public school system."

This line of reasoning, voucher advocates argue, can apply to any educational reform, and even to the existing system. Local boards of education wishing to appeal to either overt or covert segregationists hardly need vouchers to do so -- they need only to maintain the present public school system. Parents who want their children to attend segregated schools, if they are financilally able, will find it quite simple to move to a neighborhood where their children will be segregated de facto.

If, however, one has a local board anxious to eliminate segregation a voucher agency would be compelled to assume the same posture. In any case, a national regulatory agency could devise regulations to achieve reductions in segregationist practices. Furthermore, recent court actions indicate the repeated unwillingness to listen to cases dealing with systems designed to maintain segregation with public funds.

PROMINENT VOUCHER PROPOSALS

Within a very short space of time, the voucher idea has proliferated into several quite different proposals for practical application. These proposals, subsumed under the rubric of voucher schemes, advocate differing solutions to the problem of delivering basic school services. Five such proposals are described in the following pages -- those advocated by Milton Friedman, Christopher Jencks, Theodore Sizer with Phillip Whitten, Henry Levin, and James Coleman.

The Friedman Proposal

Dr. Friedman of the University of Chicago would provide every child with a flat grant or tax credit which his family could use to pay tuition at the school of his choice. The public schools would continue to exist and would charge tuition equal to the amount of the grant. Private schools would compete with public schools, since they would get the same amount of public money per pupil as the public schools. Thus, Friedman argues, the quality of education would be improved by removing it from its present status as a near-monopoly of the public schools and subjecting it to the competition of the free market. Of course, the total reliance on the unregulated free market permits parents to send their children to all-white, all-black, or racially mixed schools. Those interested in narrowing the educational opportunity gap are critical of the unregulated aspect of this proposal.

The Center for the Study of Public Policy Proposal

As a first step in starting a voucher system Christopher Jencks, whose name has been associated with this proposal, would establish an Educational Voucher Agency (EVA). The EVA would resemble a traditional board of education in that it would be locally controlled and receive funds from federal, state and local governments for financing the education of all local children. But it would differ in that it would not operate any school of its own. The operation's responsibility would remain with existing school boards, both public and private. The EVA would issue vouchers to all parents of elementary school children in

its area. The parents would take these vouchers to a school in which they want to enroll their child. If the school meets the basic eligibility requirements as defined by the EVA, it would be able to convert its vouchers into cash, which would cover both its operating expenses and the amortization of capital costs. Such a system would enable anyone starting a school to get public subsidies, so long as he followed the basic rules laid down by the EVA and could persuade enough parents (both upper and lower income) to enroll their child in his school. The proposal would include all the public and private schools participating in the system.

The effect of these changes on the quality of education would depend on how effectively the EVA regulated the newly-created marketplace, and particularly on the rules it laid down for determining which schools could cash vouchers and which schools could not.

While church-related schools were originally considered to be eligible for vouchers, they could be excluded from this proposal without seriously hindering its operation.

The Sizer-Whitten Proposal

Theodore Sizer and Phillip Whitten have proposed a voucher plan very similar to the one put forth by Jencks. They call for a poor children's bill of rights which would discriminate in favor of poor children. They offer two alternative federal education subsidy plans ranging in cost from $11 to $17 billion a year. They expect about one-half of the Nation's elementary school children would receive benefits. The plan

calls for a top grant of $1,500 per year per child if family income is below $2,000, the amount decreasing on a sliding scale to zero as the family's income approached the national average. This feature is designed to make education of the disadvantaged highly profitable. Sizer and Whitten see this scheme as giving the parents of poor children the power to choose the kind of education their child would receive. It would also promote competition between public and private schools with inferior ones being eliminated.

The Levin Proposal

Economist Henry Levin of Stanford University had suggested in a 1968 article in Urban Review, that free market-oriented schools would not do well as allocators of educational resources. An underlying assumption of the Levin proposal is that there is a set of readily identifiable communities with substantial agreement about the proper goals of education. He favors an arrangement whereby individual community-run public schools could plan their educational requirements and solicit bids from private industry, universities, and non-profit groups to meet the needs as determined by the community. Although he objects to voucher schemes that avoid the segregation question, Levin, with his community-oriented approach did not deal with segregationist practices which might arise out of implementation of his proposal.

Dr. Levin is currently engaged in a study of the economics of the voucher plan, the results of which were not available at the time of this report.

The Coleman Proposal

Dr. James A. Coleman, principal author of Equality of Educational Opportunity Study (popularly known as the Coleman Report), rejects the school-voucher plan supported by Friedman and Jencks in favor of an open school, with a specified course of study. Under this scheme, children would continue to attend their neighborhood school supported by local taxes, but each would receive vouchers which could be used in or out of the public school.

Generally, a student would spend part of the day in his home-base school but could take any additional courses he desired outside the school. The cost of the additional courses would be paid out of public money. Coleman argues that parents would be better able to assess specific courses than to try to determine the value of the whole school. Further, the scheme provides great freedom of entry into the market as subject-specific innovators could establish a store-front school concentrating on specific areas (e.g., reading and math) much more easily than establishing a comprehensive program.

An important part of this program is a pay-by-result incentive. Competing innovators would be forced to respond to two sets of demands, student and parental satisfaction and certain achievement goals. If the school pleased its constituents but failed to reach the agreed upon achievement level, they would receive no money. If they could not please their constituents, they would lose students and equally fail. To be successful then would require the maintenance of a delicate balance between satisfaction and achievement.

THE PRESENT STATE OF VOUCHERS

In December, 1969, the U.S. Office of Economic Opportunity (OEO) made a grant of $196,000 to the Center for the Study of Public Policy of Cambridge, Massachusetts, codirected by Christopher Jencks, to support a detailed study of education vouchers. Acting on the results of that study, in June, 1970, OEO planned to fund a $12 million voucher experiment beginning in the fall of 1971.

Under the experiment, the State treasury would reimburse vouchers presented to public schools, and the Federal Government would pay for the cost of the vouchers tendered to private schools. The plan required that schools in the voucher program not discriminate against pupils or teachers because of race or economic status; applicants would be accepted on the basis of criteria set up by the school (including the non-discrimination requirement) up to 50 percent of capacity. The remainder would be accepted by lottery or by other fair means. Further, participating private schools could not charge tuition above the value of the voucher (which would likely match the local per-pupil expenditure for public schools), and no voucher funds could be used for religious instruction. The plan would also require all schools to provide, well in advance of registration, full, complete and verified information as to their programs and operations, so that parents could make informed choices.

Once the plan was decided upon several municipalities had to be found which offered a heterogenous population of about 12,000 elementary school pupils in both public and private schools and who would agree

to have the program supervised by a "voucher agency," which would act as a school board in some respects and, perhaps, even be an arm of the local public board. However, it is at precisely this point that the starting of a demonstration voucher program is most difficult. Enabling legislation is required in virtually every state before a voucher experiment can be implemented.

Six school districts were selected and agreed to undertake preliminary feasibility studies. The six were Alum Rock and San Francisco in California; Gary, Indiana; Rockland, Maine; New Rochelle, New York; and Seattle, Washington. Of the six, only the California districts and Seattle remain as possible voucher trial areas. The others dropped the idea either due to a lack of community interest and preoccupation with other problems, or because of a failure to secure enabling legislation from the State as in the California districts. A brief synopsis of the California experience might prove enlightening.

The California Assembly was first presented with the Elementary Demonstration Scholarship Act of 1970 (Assembly Bill #2471). The draft legislation waived state requirements on class size, curriculum, minimum schoolday, and certification requirements for voucher schools. It excluded profit-making schools, but allowed religious ones. The bill was supported by the Governor, but was killed in Committee. Again, on June 24, 1971, with the Governor's support, the Assembly was presented with and passed (47 to 23) a bill which authorized voucher experiments of from five to seven years' duration in no more than four school districts, starting in the fall of 1972. This legislation was given a good chance at

passing but was defeated by the California Senate Finance Committee by a vote of 7-5. In January, 1972, a new Senate bill was introduced with strong liberal and conservative support. The outlook for its passage is optimistic.

Legislation introduced in the State of Washington in early 1972 did not receive significant support and never came to a vote. However, voucher advocates in that state are hopeful of acceptance of a new bill in 1973 that would permit a voucher experiment in Seattle.

CONCLUSION

As stated earlier, an education voucher program is one of a number of schemes designed to alleviate the mounting pressures on the American education system. At this time no one knows the level of comprehension required for a voucher plan to be successful -- totally nationwide, in conjunction with other programs, or selective -- or even if it can be successful. The answer to these questions cannot be resolved by continued debate by people of differing opinions, but only by careful analysis of actual projects. Thus far, the efforts of OEO to promote these projects have not succeeded.

The key question to be answered is what kind of change in the present American education system, if any, is desired? Vouchers seek to provide all families with the opportunity to select the school they perceive best for their children by giving them the money which schools need for their existence. It must be decided if this is justified and desirable. All schools could compete for these funds, and those that are successful

would survive. All others would have to obtain private funding; if unsuccessful, they would cease to exist. What this would mean in terms of educational quality is impossible to predict.

It can only be said with assurance that without an actual experiment the advantages or disadvantages of educational vouchers will never truly be known.

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SOME NEW FEDERAL REVENUE SOURCES FOR EDUCATION

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SOME NEW FEDERAL REVENUE SOURCES FOR EDUCATION

If the Federal Government is to increase its financial contribution to elementary and secondary education, additional revenue sources may be required. Although the Commission was not specifically charged with the task of considering new revenue sources, this paper presents a number of alternatives that would help to ensure a continuing flow of federal funds for educational purposes.

A. AN EDUCATION TRUST FUND

Trust funds are defined in the Federal budget document as those funds "established to account for receipts which are held in a fiduciary capacity by the Government for use in carrying out specific purposes and programs."

According to the Office of Management and Budget there were 831 trust fund accounts on the books of the Treasury Department as of May 1970. Included are 673 Indian tribal funds which, for budgetary purposes, are consolidated and treated as one fund. For fiscal year 1971 trust fund receipts are estimated at $64.1 billion and outlays at $55.4 billion. By comparison, actual trust fund receipts and

outlays as recently as fiscal 1965 were less than half as large — $29.2 billion and $27.0 billion respectively. The 14 major trust funds[1/] account for 98 percent of all trust fund receipts and almost 99 percent of their outlays.

Twelve of the 14 trust funds, categorized as social insurance, federal employee benefit, and veteran benefit types, have one common denominator: their basic financing is provided largely through special taxes or contributions of individuals or groups of individuals for programs which will subsequently provide benefits to the contributing individuals. These 12 funds thus appear to fall within the budgetary definition of funds held in a "fiduciary capacity" by the Federal Government.

An education trust fund would also be held in a fiduciary capacity. Its revenues could be derived from a 1 percent tax on adjusted gross incomes of taxpayers. However, the tax should not apply to the first $5,000 of adjusted gross income. This feature says, in essence, that people with low incomes, who presumably have had less education, would not have to contribute

1/ Federal old-age and survivors insurance trust fund; federal disability insurance trust fund; federal hospital insurance trust fund; federal supplementary medical insurance trust fund; unemployment trust fund; railroad employees retirement accounts; Civil Service retirement and disability fund; federal employees life insurance fund; federal employees health benefits fund; retired federal employees health benefits fund; veterans life insurance fund; national service life insurance fund; highway trust fund; airport and airway trust fund.

to the fund until the minimum income level was reached.[2/] By contrast, taxpayers who have benefited from education and are receiving higher incomes would be the major contributors to the fund.

In 1969, such a plan would have generated approximately $3.1 billion, and this amount would increase as incomes rose and the number of families earning less than $5,000 decreased. Table I illustrates the effective rates and the amount of the contribution for an individual taxpayer by income level.

TABLE I

Gross Income	Effective Rate*	Amount Paid
$5,000	0.00%	0
$10,000	0.50	$50
$15,000	0.67	$100
$20,000	0.75	$150
$50,000	0.90	$450
$100,000	0.95	$950
$500,000	0.99	$4,950

*First $5,000 not taxed.

The table reveals that regardless of the amount of income earned the effective rate approaches 1 percent but never reaches it. A more progressive rate schedule could also be devised, the effect of which would be to add more money to the trust.

2/ In fact, in 1969 72.4 percent of all heads of families with incomes under $5,000 had not completed high school.

Advocates of the trust fund concept point to the fact that there is virtually no Congressional control over funds in a trust. Unlike general appropriations, this vehicle is essentially free from annual reappraisals.

However, a number of serious objections can be raised against the trust fund concept:

1. Does the Federal Government wish to add yet another trust fund to an already long list?
2. Can the Federal Government ask the people for an additional claim on their income?
3. The special status trust funds enjoy tends to give these funds greater immunity to efforts by the Executive or the Congress to reduce total budget outlays, or limit spending increases.
4. Trust funds introduce a strong element of rigidity into the budget and can result in misallocation of funds, providing an excess of support for certain programs and under-funding others.

B. A NATIONAL LOTTERY FOR EDUCATION

Although, at the present time, lotteries as a source of revenue are operated by governments or quasi-public organizations in many countries of the world, the United States Government does not utilize them nor

permit private enterprise to operate gambling games labeled as lotteries. Total wagers on all forms of gambling in the United States, illegal and legal, commercial or noncommercial, exceeded $20 billion in 1960.[3/] There is no reason to believe that amount has declined. Therefore, if the amount of gambling cannot be lessened appreciably, why shouldn't the Federal Government obtain lottery revenue on much the same grounds as those used to justify taxes on the consumption of alcohol and tobacco products?

Gross receipts from a lottery are divided into three main areas -- administrative costs, prizes, and receipts retained for public purposes. Selected statistics for 60 countries with lotteries in 1964 indicate that the percent retained for public purposes ranged from a low of 7.49 percent for Denmark to a high of 73.72 percent for Cambodia. For developed nations the amount retained for public purposes is typically in the 30 to 40 percent range.

For the United States to retain $1 billion for education from a national lottery, about $2.8 billion would probably have to be wagered. Lottery sales would have to reach about $14.3 billion, or about 1.8 percent of personal income, to capture $5 billion for education.

3/Robert K. Kinsey, "The Role of Lotteries in Public Finance," National Tax Journal, Vol. XVI, No. 1 (March 1963), p. 11.

In order to effect a national lottery, a number of laws would require changing. At present, the mails may not be used as a means of distributing information or documents related to lotteries. Similarly, national banks are forbidden from selling lottery tickets.

The state experience with lotteries offers insights into administrative problems and possible keys for success. In New Hampshire and New York, the initial estimate of lottery sales proved to be far in excess of actual receipts. For example, in 1967 when the New York state lottery came into being, it was predicted that gross receipts would be $400 to $500 million a year, with $160 to $180 million going to education. However, in fiscal 1971 total sales were only $70.5 million, with $32.5 million going for education.

New Jersey's lottery, which began in 1971, has been much more successful. It was estimated that gross sales during the first year would be around $85 million. Instead, actual sales amounted to about $144 million, with $40 to $50 million going for education and various state institutions. The major difference between the New York and New Jersey lotteries seems to be that New Jersey offers more frequent drawings at a lower cost per ticket.[4/]

4/ In January 1972, New York State initiated a weekly 50-cent lottery, similar to New Jersey's, as a substitute for the monthly one-dollar lottery.

Any national lottery scheme would inevitably involve substantial overhead expenses. But the major drawback would be on the reverse side. If the U.S. wagered the same percent of income on a national lottery as do most other industrialized countries (.0035), the amount retained for education, after deducting administrative overhead and prizes, would be $1 billion.

C. INCREASED TAXES ON ALCOHOL AND TOBACCO PRODUCTS

Another possibility might be to earmark federal revenues from alcohol and tobacco taxes for educational programs. In fiscal 1969 federal revenues from these sources amounted to $6.7 billion. A 50 percent increase in the Federal tax on distilled spirits, coupled with a 100 percent increase in wine, beer, and tobacco taxes, would have yielded an additional $4.9 billion in revenue -- assuming that there were no decrease in consumption of alcohol and tobacco products. (See Table II.)

Historically, the demand for alcohol and tobacco has been highly inelastic; and there is little reason to suspect that the proposed tax increases would have much effect on consumption. These levies would increase the cost of a fifth of liquor by $1, a six-pack of beer by 17¢, and a pack of cigarettes by 8¢. The taxes would still be considerably lower than those imposed in most industrialized nations. It should also be noted that federal alcohol and tobacco taxes have not been raised since 1951.

TABLE II

	Present Tax Rates	Proposed Tax Rates	Collections 1969 (millions)	Tax Collections at Proposed Rates (millions)	Net Increase (millions)
Alcohol					
Spirits	$10.50 per gallon	$15 per gallon	$ 3,390	$ 5,017	$ 1,627
Wines	17¢ per gallon	34¢ per gallon	157	314	157
Beer	$9 per barrel	$18 per barrel	1,007	2,014	1,007
Tobacco					
Cigars	$2.50-20.00 per thousand	$5.00-40.00 per thousand	54	108	54
Cigarettes	$4 per thousand	$8 per thousand	2,082	4,164	2,082
Other			1	2	1
		TOTALS	$ 6,691	$ 11,619	$ 4,928

The main obstacle to this proposal, aside from expected opposition from the alcohol and tobacco lobbies, is that for the past 20 years the states have increased their use of these revenue sources while federal tax rates have remained low.

D. RE-ENACTMENT OF CERTAIN FEDERAL EXCISE TAXES

Another source of additional federal revenues for education might be to impose an excise tax on various leisure-oriented expenditures. One approach would be to levy a 5 percent excise tax, exempting purchases and admissions less than $.20, on the cost of the following:

(1) Books and maps
(2) Magazines, newspapers, and sheet music
(3) Radio and television receivers, records, and musical instruments
(4) Admissions to specified spectator amusements
    a. Motion picture theatres
    b. Legitimate theatres and opera, and entertainments of non-profit institutions (except athletics)
    c. Spectator sports
(5) Clubs and fraternal organizations
(6) Commercial participant amusements

Until 1965 all of the above were taxed, except items (1) and (2), at rates as high as 20 percent and never lower than 8 percent. In 1970, personal consumption expenditures for these six items totaled slightly more than $20 billion. A 5 percent levy, earmarked for education, could produce approximately $1 billion. Further, it appears that the income elasticity of this possible revenue source would be greater than one owing to the fact that people have been spending an increasing proportion of their incomes on leisurely pursuits. There is no reason to expect a reversal of this trend.

If such a measure were implemented a book costing $1.60 would be taxed $.08; a $3.00 ticket to a ballgame would be taxed $.15; and a $200 television would be taxed $10.

E. A VALUE-ADDED TAX

There has been much discussion in recent years about adopting a value-added tax (VAT) to generate additional revenue for the Federal Treasury. Conceivably, the proceeds from such a tax could be earmarked for education.

The VAT is levied at each stage of production or distribution according to the value added at that stage. Because value added is equal to the value of all final products, the VAT can be likened to a national sales tax. The total tax is "hidden" in the final selling price of goods and services.

Because the tax base is so broad — personal consumption expenditures reached $577.5 billion in 1969 — a low tax rate can generate substantial amounts of revenue. For example, a 1 percent VAT, limited to personal consumption expenditures, would gross about $6 billion at present.

A lengthy discussion of the pros and cons of value added taxation is beyond the scope of this paper. Proponents cite the ease of administration and compliance as well as the substantial revenue potential from the tax. Critics feel that the tax falls most heavily on low-income families, as do most sales taxes, and they object to the "concealed" nature of the tax.

F. SUMMARY AND CONCLUSIONS

Revenues from any or all of the sources discussed above could be earmarked for education and/or allocated to an education trust fund. If all of the proposals were adopted, an additional $16 billion would be generated.

However, three of the alternatives appear to have little political or practical viability. In the case of the lottery, the amount retained for education would not be great enough to justify the creation of a new bureaucracy or the moral and ethical debates that would inevitably occur. Further, the enactment of a national lottery might preclude the various states from continuing their own lotteries. Increased taxes on alcohol and tobacco would meet strong industry opposition since these products are already taxed so heavily. In addition, part of the Federal alcohol and tobacco taxes have already been earmarked for the Highway Trust Fund. The reimposition of the expanded amusement tax would be possible but certainly not popular since it asks people to pay more for their leisure.

Of the alternatives discussed in this paper, the adjusted gross income tax and the value-added tax appear to hold the most promise as vehicles for generating new revenues for education. At a 1 percent rate, these taxes would produce about $9 billion at present, and the yield would increase with the growth of the economy.

AN INVENTORY OF FEDERAL PROGRAMS IN AID TO ELEMENTARY AND SECONDARY EDUCATION

by

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AN INVENTORY OF FEDERAL PROGRAMS IN AID TO ELEMENTARY AND SECONDARY EDUCATION

Our study of existing Federal Aid Programs required us to develop an inventory of elementary and secondary education programs. The Catalog of Federal Domestic Assistance, published by the Office of Management and Budget included in the "Education" category programs affecting higher education and programs for the post-graduate training of health professionals. Similar concepts of coverage of OMB's Special Analysis I, "Federal Education Programs", made it unsuitable to the needs of a commission studying elementary and secondary school finance. A special inventory was made for the Commission's use and it is presented in this staff note for general information.

For purposes of the inventory, a definition and selection criteria were developed which would relate the inventory to the Commission's needs and mission and insure completeness of coverage.

Definition

Programs to be inventoried will include those affecting the education of pre-school and K-12 aged children, administered or conducted by state or local educational agencies, public or private, or affecting the training of teachers or other professional personnel for such programs, and that are of substantial benefit to the program of the institution.

Selection Criteria

Programs selected for inclusion in the inventory met the first criterion listed below and one or more of the others.

1. Programs listed under "Education" or the "Job Training" subcategory of "Employment" in the 1971 Catalog of Federal Domestic Assistance, or are included in Special Analysis I, "Federal Education Programs", of the 1972 Federal Budget;
2. Programs which affect the learning program or total in-school experiences of the children in the defined age range, served by the defined institutions;
3. Programs to train teachers or other professional personnel for educational and related services to children of the defined age range or to operate the defined institutions;
4. The direct operations of Federal agencies are included insofar as they provide and identifiable service of substantial benefit to the educational program of the defined institutions and that is not available to the general public.

This staff note contains a summary of Federal Programs by Department or independent agency, and by major component (bureau or office) within departments, and a table listing the programs by department and bureau and showing selected information related to each program. Each listing includes the identifying number from the 1971 Catalog of Federal Domestic Assistance, in case users of the inventory wish to obtain more information about a program.

FEDERAL PROGRAMS IN AID

TO ELEMENTARY AND SECONDARY EDUCATION

Table 1

	Number of Programs	Estimated 1970 Obligations (millions) *
Department of Agriculture		
Food and Nutrition Service	5	$593.0
Department of Defense		
Defense Supply Agency	1	(Not available)
Department of Health, Education and Welfare		
Office of the Secretary	1	(Not available)
Office of Child Development	2	338.2
Office of Education	74	2,861.8
Social and Rehabilitation Service	3	5.2
Department Total	80	3,205.2
Department of the Interior		
Bureau of Indian Affairs	4	20.3
Department of Justice		
Immigration and Naturalization Service	1	.05
Department of Labor		
Manpower Administration	2	490.4
Appalachian Regional Commission	1	25.1
National Science Foundation	2	47.6
Total	95	$4,381.65

(8 Departments and agencies, 11 offices)

* Source: 1971 Catalog of Federal Domestic Assistance

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Table 2

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
Department of Agriculture								
Food and Nutrition Service								
10.550	Commodity Distribution	Benefits in kind	Public and Nonpublic Schools	Pupils	None	Indefinite	To State agency	21 days
10.553	School Breakfasts	In kind; subsidies	Public and Nonpublic Schools	Poor Pupils	At least 20%	Annual (R) 3/	To SEA or FNS regional office	not specified
10.554	School Lunch Program - Nonfood Assistance (Equip.)	Formula grants	Public and Nonpublic Schools	Schools serving low-income	At least 25%	One - time	To SEA or FNS regional office	not specified
10.555	School Lunches	Formula grants	Public and Nonpublic Schools	Pupils	Variable 75%	Annual (R)	To SEA or FNS regional office	not specified
10.556	Special Milk Program	Subsidies	Public and Nonpublic Schools	Pupils	Variable (per unit subsidy)	Annual (R)	To SEA or FNS regional office	not specified
Department of Defense								
Defense Supply Agency								
12.001	Machine Tool Loan to Educational Institutions	Loan of equip.	Nonprofit Schools	Schools	None (shipping)	Indefinite	*	2 weeks

1/ IHE: Institutions of higher education
SEA: State education agencies
LEA: Local education agencies

2/ * Indicates that applicant applies directly to Federal administering agency headquarters.

3/ (R) Indicates that the grant is renewable.

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
Department of Health, Education, and Welfare								
Office of the Secretary								
13.606	Surplus Property Utilization	Sale/disposal of property	Schools & LEA's	Schools	None (Service charge)	One - time	To State agency	None
Office of Child Development								
13.600	Child Development - Head Start	Project grants	CAA or other	Poor Pupils, parents	20% after 32 months	Annual (R)	To OCD regional office	150 days
13.601	Child Development - Technical Assistance	Advisory services	States & other organizations	Children, families	None	Not applicable	To OCD regional office	Not applicable
Office of Education								
13.403	Bilingual Education	Project grants	SEA's & LEA's	Non English speaking pupils, low income	None (supplements local funds)	Up to 5 years	Through SEA	90 days
13.404	Civil Defense Education	Project grants	SEA's, LEA's	Pupils	None	Indefinite	State Plan	90 days
13.405	Civil Rights Technical Assistance and Training	Project grants	LEA's	School Staff	None	One year	To regional office	70 days
13.410	Dropout Prevention	Project grants	LEA's	Low income pupils	None	Up to 5 years	To SEA and OE	6 - 9 months
13.411	Education Research and Development Centers	Project grants	University Centers	LEA's, Pupils	5% min.	12 months (R)	*	6 months

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.412	Regional Laboratories	Project grants	Regional Laboratories	LEA's, Pupils	None	12 months (R)	*	6 months
13.413	Educational Broadcasting Facilities	Project grants	SEA's, LEA's, university, others	Pupils	25% min.	One - time	*	3 - 6 months
13.416	Ed. CR Personnel Training - Early Childhood	Project grants	SEA's, LEA's, IHE	Teachers, Supervisors	None	6 - 18 months (R)	* LEA's through CSSO	90 days
13.417	Ed. CR Personnel Training - Special Education	Project grants	IHE, SEA's, LEA's	Teachers , Supervisors	None	6 - 18 months (R)	* LEA's through CSSO	90 days
13.420	Ed. Personnel Training - Drug Abuse Ed.	Formula grants	SEA's	Pupils, school staff	None	6 - 12 months	*	15 days
13.421	Ed. Personnel Training Grants - Career Opportunities	Project grants	LEA's	Pupils, low income	None	Indefinite	Through CSSO	90 days
13.422	Ed. Research & Development - Gen. Ed. (Project) Research	Project grants	SEA's, other	Not applicable	5% min.	12 - 18 months	*	2 - 4 months
13.423	Ed. Research Dissemination -ERIC System	Project grants	SEA's, LEA's, other	Not applicable	5% min.	1 - 3 years	*	Variable
13.424	Ed. Research Training	Project grants	SEA's, LEA's,	Individuals	None	Indefinite	*	30 - 90 days
13.425	Ed. Staff Training - School Personnel Utilization	Project grants	SEA's, LEA's	School Staff	None	6 - 18 months	*	90 days

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ Of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.427	Ed. Deprived Children - Handicapped	Formula grants	SEA's, State Schools	Handicapped Children	None	12 months	*	90 - 150 days
13.428	Ed. Deprived Children - Local Ed. Agencies	Formula grants	LEA's	Ed. disadvantaged Children	None	1 fiscal year	Through SEA	Varies by state
13.429	Ed. Deprived Children - Migrants	Formula grants	SEA's	Migrant Pupils	None	1 fiscal year	*	7 - 10 days
13.430	Ed. Deprived Children - State Administration	Formula grants	SEA's	SEA's	None	1 fiscal year	*	Automatic approval
13.431	Ed. Deprived Children in Institutions for Neglected or Delinquent Children	Formula grants	State agencies	Institutionalized Children	None	1 fiscal year	*	Varies by State
13.432	Elementary & Secondary Ed. - State Planning and Evaluation	Project grants	SEA's	SEA's	None	3 years	*	3 - 4 weeks
13.433	Follow Through	Project grants	LEA's	Low income Pupils	Some not specified	1 year	Through SEA	30 - 90 days
13.435	Foreign Lang. & World Affairs - Lang. & Area Centers	Project grants	IHE, LEA's	Future School staff	50% min.	9 - 12 months	*	90 days
13.436	Foreign Lang. & World Affairs - Lang. & Area Research	Project grants	LEA's	LEA's	None	18 months	*	4 - 5 months
13.439	Fulbright-Hays Training Grants - Foreign Curriculum Consultants	Project grants	SEA's, other	SEA's	None	9 - 10 months	*	120 days

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.440	Fulbright-Hays Training Grants - Foreign Studies Extension	Project grants	IHE, SEA's	Prospective Teachers	None	3 weeks - 12 months	*	120 days
13.442	Guidance, Counseling & Testing	Formula grants	SEA's	Pupils	50%	1 year	State Plan	not specified
13.443	Handicapped - Research & Demonstration	Project grants	SEA's & LEA's	SEA's & LEA's	Required but not specified	Depends on project	*	3 - 4 months
13.444	Handicapped - Early Childhood Assistance	Project grants	SEA's & LEA's	Handicapped pupils, parents	10% min.	1 year	*	
13.445	Handicapped-Innovative Programs - Deaf-Blind Centers	Project grants	Centers	Handicapped pupils, parents	Not applicable	1 year	*	8 weeks
13.446	Handicapped - Media Services & Captioned Films	Project grants	SEA's, LEA's, Schools	Schools for deaf	None	Not applicable	*	90 - 150 days
13.447	Handicapped - Physical Ed. and Recreation Research	Project grants	SEA's, LEA's, Schools	Schools for handicapped	Required but not specified	Indefinite	*	3 - 4 months
13.448	Handicapped - Physical Ed. and Recreation Training	Project grants	IHE	Teachers of handicapped	None	15 months	*	90 days
13.449	Handicapped - Preschool & School Programs	Formula grants	SEA's, LEA's	Handicapped Children	None	1 year	State Plan	Not applicable
13.450	Handicapped - Regional Resource Centers	Project grants	SEA's, IHE	Teachers of handicapped	None	Indefinite	*	3 - 4 months
13.451	Handicapped - Teacher Education	Project grants	SEA's, IHE	Teachers of handicapped	None	15 months	*	90 days

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.452	Handicapped - Teacher Recruitment & Information	Project grants	Public and Nonprofit agencies	Teachers of handicapped	None	1 year	*	None
13.465	Library Services - Interlibrary Cooperation	Formula grants	State Library agency	Schools & public library	Variable	1 year	State plan to OE	Not specified
13.466	Library Services - State Institutional Library Services	Formula grants	State Library agency	State operated institutions	Variable	1 year	State plan to OE	Not specified
13.470	National Defense Student Loan Cancellations for Teachers	Formula grants	IHE	Full-time teachers	Not applicable	Indefinite	*	Not applicable
13.472	Nonpublic School Testing	Provision of specialized services	Nonpublic Schools	Nonpublic schools	50% by school	1 year	*	2 - 4 days
13.473	Preschool, Elementary and Secondary Personnel Development - Grants to States	Formula grants	SEA's, LEA's	Schools	None	1 year	*	30 days
13.474	Research and Development - Arts and Humanities	Project grants	SEA's, IHE	Schools	5% min.	3 months - 5 years	*	2 - 4 months
13.476	Research and Development - Regional Research	Project grants	SEA's, IHE, Others	Not applicable	10% min.	18 months	To regional office	90 days
13.477	School Assistance in Fed. Affected Areas - Construction	Project grants	Impacted LEA's	Impacted LEA's	Not applicable	4 years	Through SEA	3 months - 1 year

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.478	School Assistance in Fed. Affected Areas - Maintenance and Operations	Formula grants	Impacted LEA's	Impacted LEA's	None	1 year	Through SEA	Unspecified
13.479	School Equipment Loans To Nonprofit Private Schools	Direct loans	Nonprofit Schools	Nonprofit Schools	None	1 year	*	2 weeks
13.480	School Library Resources, Textbooks, & Other Instructional Material	Formula grants	SEA's	Public and Nonpublic Schools	None	1 year	State Plan	Not specified
13.483	Strengthening Instruction Through Equipment & Minor Remodeling	Formula grants	SEA's	Public schools	50%	1 year	State Plan	Varies by state
13.484	Strengthening School Administration - Training Grants	Project grants	SEA's, LEA's, University	School Administrators	None	6 - 18 months	*	60 - 90 days
13.485	Strengthening State Department of Education - Grants for Special Projects	Project grants	SEA's	SEA's	Cost sharing	1 - 3 years	*	3 - 4 weeks
13.486	Strengthening State Department of Education - Grants to states	Formula grants	SEA's	SEA's, LEA's	None	1 year	*	1 - 3 weeks
13.487	Supplementary Ed. Centers and Services	Formula grants	LEA's	LEA's	None	3 years	Through SEA	Not specified
13.488	Talent Search	Project grants	IHE, Others	Disadvantaged pupils	None	1 year	*	2 months

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.489	Teacher Corps - Operations and Training	Project grants	IHE, LEA's	Prospective teachers	10% by school district	2 years	*	60 days
13.490	Trainers of Teacher Trainers	Project grants	IHE, SEA's, LEA's	Trainers of Teacher Trainers	None	6 - 18 months	* LEA's, through SEA	60 - 90 days
13.492	Upward Bound	Project grants	IHE	Low income students	20% min.	12 - 15 months	*	15 - 90 days
13.493	Vocational Ed. - Basic grants to states	Formula grants	SEA's	Vocational trainees	50%	1 year	State Plan	1 month
13.494	Vocational Ed. - Consumer & Homemaking	Formula grants	SEA's	Vocational trainees	50%	1 year	State Plan	1 month
13.495	Vocational Ed. - Cooperative Ed.	Formula grants	SEA's	Vocational trainees	None	1 year	State Plan	1 month
13.496	Vocational Ed. - Curriculum Development	Project grants	IHE, SEA's	Vocational schools	None	1 year	State coordination	30 - 90 days
13.497	Vocational Ed. - Planning & Evaluation	Project grants	IHE, SEA's	SEA's	None	1 year	State coordination	30 - 90 days
13.498	Vocational Ed. - Research	Formula grants	State Board of Voc. Ed.	State Boards	10 - 25%	1 year	State Plan	1 month
13.499	Vocational Ed. - Special Needs	Formula grants	State Board of Voc. Ed.	Handicapped students	None	1 year	State Plan	1 month
13.500	Vocational Ed. - State Advisory Councils	Formula grants	State Advisory council	State Advisory council	None	1 year	*	10 - 15 days
13.501	Vocational Ed. - Work Study	Formula grants	SEA's	Low income pupils	20%	1 year	State Plan	1 month

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
13.502	Vocational Ed. - Innovation	Formula & Project grants	SEA's, LEA's	Pupils, grade 7 - 12	None	3 years	*	30 - 90 days
13.503	Vocational Ed. Personnel Training - Fellowships	Project grants	IHE	Vocational teachers	None	9 - 12 months	Through state	3 - 6 months
13.504	Vocational Ed. Personnel Training - State Professional Development	Project grants	State Boards of Voc. Ed.	Vocational teachers	None	1 year	State Plan	3 - 6 months
13.505	Ed. Personnel Development - Urban/ Rural School Development	Project grants	Selected LEA's	Low income schools	None	1 - 5 years	Through SEA	Not applicable
13.506	Ed. Classroom Personnel Training - Bilingual Ed.	Project grants	IHE, SEA's, LEA's	Bilingual teachers	None	6 - 18 months	LEA's through SEA *	60 days
13.507	Ed. Classroom Personnel Training - Teacher Development for Desegregating Schools	Project grants	Black colleges	Teachers in desegregating schools	None	6 - 18 Months	*	60 days
13.508	Ed. Personnel Development - Media Specialists	Project grants	IHE, SEA's, LEA's	Media specialists	None	6 - 18 months	LEA's through SEA	60 - 90 days
13.509	Ed. Personnel Development - Pupil Personnel Specialists	Project grants	IHE, SEA's, LEA's	Pupil personnel specialists	None	6 - 18 months	LEA's through SEA *	60 days

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
Special and Rehabilitation Service								
13.718	Mental Retardation Rehabilitation Service Projects	Project grants	IHE, Others	Mentally retarded & personnel	Variable	5 years max.	States & local coordination	90 - 180 days
13.719	Mental Retardation Research	Project grants	Mentally retarded agency	Mentally retarded & personnel	Cost sharing	5 years max.	To regional office	180 days
13.749	Vocational Rehabilitation - New Careers	Project grants	State VR agency, others	Handicapped	Variable	5 years max.	To regional SRS	Not specified
Department of the Interior								
Bureau of Indian Affairs								
15.105	Indian - Contracts with Indian School Boards	Project grants	Indian School Boards	Indian Children	None	Not specified	*	1 - 4 weeks
15.109	Indian - Fed. School Facilities - Dormitory Operations	Benefits in kind	Indian Children	Indian Children	Not applicable	1 school year	To Indian agency	2 - 3 weeks
15.128	Indian - Transfer of Indian School Properties	Transfer of Fed. property	LEA's	Indian Children	None	Not applicable	*	None
15.130	Indian - Assistance to Non-Fed. Schools	Project grants	LEA's	Indian Children	Not sepcified	Not specified	State Plan	1 - 4 weeks
Department of Justice								
Immigration & Naturalization Service								
16.400	Citizenship Ed. & Training	Tech. Info.	LEA's	Alien pupils	Classroom facilities	Not applicable	*	Not applicable

INVENTORY OF FEDERAL PROGRAMS IN AID OF ELEMENTARY AND SECONDARY EDUCATION

Catalog Program Number	Program Title	Type of Assistance	Recipient 1/ of Funds (Applicant)	Beneficiary 1/	Matching Requirements	Length of Assistance Period	Application Method 2/	Range of Approval/ Disapproval Time
Department of Labor								
Manpower Administration								
17.211	Job Corps	Training income sup.; advisory services	Selected Organizations	Low-income 14 - 21	Not applicable	Not applicable	To regional office	5 - 6 weeks
17.222	Neighborhood Youth Corps	Training, counceling, Project grants	Public or Nonprofit agency	Low-income children grades 9 - 12	10%	1 year	To regional office	2 weeks
Appalachian Regional Commission								
23.012	Appalachian Vocational Ed. Facilities	Project grants	SEA's	SEA's, LEA's	Not specified	Not applicable	State Plan	30 days
National Science Foundation								
47.019	Pre-College Instructional Personnel Development	Project grants	IHE	Science Teachers grades 7 - 12	None	12 - 24 months	*	60 - 135 days
47.020	Pre-College Instructional Program Development	Project grants	IHE	Students, Teachers	None	18 - 24 months	*	120 - 180 days

MOVING INTO THE 70'S: THE STATUS OF AMERICAN NONPUBLIC EDUCATION

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November 8, 1971

CONTENTS

	Page
Statistical Overview	69
Private Commitment	73
Private Investment	75
Choice In Education	79
The Enrollment Shift - Its Extent And Causes	82
Public Policy Alternatives	85
National Level Alternatives	89
State Level Alternatives	89
Local Level Alternatives	90

STATISTICAL OVERVIEW

The nation's nonpublic schools are an important part of elementary and secondary education in this country. In 1970, some 5,282,567 students were enrolled in the largest private education enterprise in the world. Taken collectively, the nonpublic enrollment exceeds, in size, the public school system of our largest state by more than one-half million students. One in every ten American school children is being educated in the private sector. (See State Table on following page)

The impact and importance of these schools goes beyond gross national enrollment figures. Nonpublic schools are largely an urban phenomenon, playing a vital role in the education, tax structure and viability of every metropolitan area in the nation. To return briefly to national figures 83% or 4,471,895 of these students are found in the Standard Metropolitan Statistical Area (47 1/2% or 2,600,465 in the SMSA center cities). In many cities their enrollment represents a major component:

		Public School Enrollment	Nonpublic School Enrollment	Percent of Total
1.	New York	1,116,711	358,594	24.3%
2.	Chicago	554,477	208,174	27.3
3.	Los Angeles	653,549	43,601	6.3
4.	Philadelphia	288,799	146,298	33.6
5.	Detroit	294,094	58,228	16.5
6.	Houston	223,772	16,672	6.9
7.	Baltimore	192,169	33,833	15.0
8.	Dallas	158,729	11,178	6.6
9.	Washington	149,021	18,008	10.8
10.	Cleveland	153,043	36,922	19.4
	Totals	3,784,364	931,508	19.7%

The ten largest cities in the nation bear this out quite graphically. With an enrollment of 3,784,364 public school students and 931,508 nonpublic students, 19.7% of all students are in nonpublic schools.

Enrollment K-12,1970		Total	Public	Nonpublic	% Nonpublic
	TOTALS	51,185,938	45,903,371	5,282,567	10.3%
10	Alabama	834,013	805,205	28,808	3.5
11	Alaska	81,021	79,845	1,176	1.5
12	Arizona	466,853	439,524	27,329	5.9
13	Arkansas	474,152	463,320	10,832	2.3
14	California	5,032,179	4,633,198	398,981	7.9
15	Colorado	585,717	550,060	35,657	6.1
16	Connecticut	772,537	662,205	110,332	14.3
17	Delaware	149,787	132,745	17,042	11.4
18	District of Columbia	165,745	145,704	20,041	12.1
19	Florida	1,540,233	1,427,896	112,337	7.3
20	Georgia	1,127,954	1,098,901	29,053	2.6
21	Hawaii	208,179	180,641	27,538	13.2
22	Idaho	188,486	182,333	6,153	3.3
23	Illinois	2,808,360	2,356,636	451,724	16.1
24	Indiana	1,339,394	1,231,458	107,936	8.1
25	Iowa	732,343	660,104	72,239	9.9
26	Kansas	550,062	512,308	37,754	6.9
27	Kentucky	781,847	717,205	64,642	8.3
28	Louisiana	978,078	842,365	135,713	13.9
29	Maine	264,691	244,670	20,021	7.6
30	Maryland	1,036,960	916,244	120,716	11.6
31	Massachusetts	1,372,724	1,167,713	205,011	14.9
32	Michigan	2,444,788	2,180,699	264,089	10.8
33	Minnesota	1,038,316	920,839	117,477	11.3
34	Mississippi	555,047	534,395	20,652	3.7
35	Missouri	1,181,831	1,039,477	142,354	12.0
36	Montana	187,722	176,712	11,010	5.9
37	Nebraska	377,580	329,110	48,470	12.8
38	Nevada	132,185	127,550	4,635	3.5
39	New Hampshire	192,916	158,756	34,160	17.7
40	New Jersey	1,780,548	1,482,000	298,548	16.8
41	New Mexico	295,717	281,372	14,345	4.9
42	New York	4,275,126	3,477,016	798,110	18.7
43	North Carolina	1,213,104	1,192,187	20917	1.7
44	North Dakota	159,222	147,013	12,209	7.7
45	Ohio	2,765,078	2,425,643	339,435	12.3
46	Oklahoma	638,184	626,956	11,228	1.8
47	Oregon	506,968	479,527	27,441	5.4
48	Pennsylvania	2,876,535	2,358,100	518,435	18.0
49	Rhode Island	226,129	188,090	38,039	16.8
50	South Carolina	660,371	637,800	22,571	3.4
51	South Dakota	178,519	166,305	12,214	6.8
52	Tennessee	931,984	899,893	32,091	3.4
53	Texas	2,959,961	2,839,900	120,061	4.1
54	Utah	308,506	304,002	4,504	1.5
55	Vermont	115,660	103,130	12,530	10.8
56	Virginia	1,137,868	1,078,754	59,114	5.2
57	Washington	864,374	817,712	46,662	5.4
58	West Virginia	411,467	399,531	11,936	2.9
59	Wisconsin	1,189,558	993,736	195,822	16.5
60	Wyoming	89,359	86,886	2,473	2.8

Public data from: Statistics of Public Schools, Fall 1970, USOE
Nonpublic data from: Economic Problems of Nonpublic Schools, Notre Dame.
Adjusted to correct for Maryland schools reported in Delaware and the District of Columbia.

Who is enrolled? What have we learned about income levels, racial makeup and other characteristics?

Most students are enrolled in a religious school.

Non-Church Related	347,621	7%
Church Related	4,935,946	93%
Total	5,283,567	

Catholic schools enroll the largest single group and by far the majority.

Catholic students	4,367,774	83%
Other Nonpublic Students	914,793	17%
Total	5,283,567	

A wide variety of religious groups sponsor elementary and secondary schools, including:

Baptist
Christian Reformed
Friends
Jewish
Lutheran
Methodist
Presbyterian
Episcopal
Roman Catholic
Seventh Day Adventist

Nonpublic schools are largely a middle-class and above phenomenon. A relatively small proportion of nonpublic enrollment in both elementary and secondary schools comes from families with incomes below $7,500. At income levels above that, the proportion of enrollments in nonpublic schools provided by such families exceeds the proportion their children represent in public enrollments. (See Chart on following page)

ENROLLMENT STATUS OF PRIMARY FAMILY MEMBERS

BY ADJUSTED GROSS INCOME

October, 1970

Enrollment Levels	TOTAL	Family Income Level (AGI)						
		Under $3,000	3,000 to 4,999	5,000 to 7,499	7,500 to 9,999	10,000 to 15,000	15,000 and over	Not reported
Elementary School (1-8)								
Public:								
Number (thousands)	32,574	2,573	3,909	6,124	6,384	7,526	3,648	2,410
Percent	100	7.9	12.0	18.8	19.6	23.1	11.2	7.4
Private								
Number	3,975	87	179	561	848	1,178	816	306
Percent	100	2.2	4.5	14.1	21.3	29.6	20.5	7.7
High School (9-12)								
Public:								
Number	13,330	840	1,386	2,240	2,386	3,399	2,106	973
Percent	100	6.3	10.4	16.8	17.9	25.5	15.8	7.3
Private:								
Number	1,307	7	54	125	243	364	381	133
Percent	100	0.5	4.1	9.6	18.6	27.8	29.2	10.2

Source: Department of Commerce, Bureau of the Census, Series P-20, No. 222, and Office for Educational Research, University of Notre Dame. Computations by President's Commission on School Finance staff.

While significant minority group enrollment exists, nonpublic schools are largely white. The following figures are based on a 1970 survey of Catholic schools.*

Ethnic Group	Elementary		Secondary	
American Indian	15,875	0.5%	1,842	0.2%
Black	150,557	5.1%	33,287	3.7%
Oriental	15,798	0.5%	3,977	0.4%
Spanish Surname	154,376	5.2%	31,530	3.5%
All other	2,613,580	88.6%	820,447	92.1%
Total	2,950,186	100.0%	891,083	100.0%

PRIVATE COMMITMENT

Behind every child in the wide variety of nonpublic schools available is a commitment of talent, funds, material and concern based on organization and financing largely outside the public sector. Sponsor organization (usually church related), parental support (both financial and volunteer), teacher sacrifice (salaries for all but a small portion of nonpublic teachers are below public school levels), and community assistance (everything from aid or services to an intangible interest in the education of all children) all combine to form a uniquely American education form.

This commitment is largely tangible and measureable. It can be translated into financial quantities as both an expenditure and as a potential loss.

* A Report On U.S. Catholic Schools, 1970-71, National Catholic Educational Association, 1971 (based on an 88% return of surveyed Catholic schools)

PRIVATE INVESTMENT

Some $1.908 billion was spent in 1970-71 for operating expenditures to support the teaching efforts of the 226,000 nonpublic school teachers. These funds were raised in large part through the contributions of members of the various church sponsors, from alumni and other supporters and to a great extent by the tuition and fees paid by the parents of students:

Comparative per pupil cost figures for 1968 through 1969: *

1. Roman Catholic

Elementary	$152
Secondary	349

2. Other Sectarian

Elementary	320
Secondary	887

3. Non-Affiliated

Elementary	1,158
Secondary	1,517

4. Public (both levels) 655

In addition the contributed value of the services (mainly teaching) in Catholic schools totaled $263,958,000 in 1968-69 ($259,714,000 in 1969-70). While total figures for non-Catholic nonpublic schools are not available, they would rightly be expected to increase the total. Few nonpublic schools meet or exceed the public school teacher salary schedules for their areas. The difference between what they do pay and what these same teachers would receive in the public schools is a rough measure of the net value of the services contributed by the nonpublic school teacher.

In 1968-69, the median salaries plus benefits paid to lay teachers were as follows:

* Notre Dame Study, Bartell

Median Salaries plus Benefits Paid Lay Teachers, 1968-69 *

Roman Catholic	$6,933
Lutheran	6,795
Seventh Day Adventist	5,936
Jewish	5,967
Episcopal	7,842
Christian Reformed	6,381
Other Religious	5,512
Non-Religious Affiliated	8,797

For the same year a salary of $8,288 (without benefits) is the reported national median for public school teachers. **

This investment of organizational support, private funds and services volunteered beyond compensation is substantial. The commitment is substantial. The complications of American education do not allow us the luxury of simple subtraction to gauge the impact of moving these students, over 5 million, from the existing private sector to seats in public school classrooms, or more to the financial point, from a position of overwhelmingly private support to one based entirely on tax dollars.

The estimated cost of absorbing all nonpublic school students into the public school are based on variations of the calculated amount of excess capacity in public schools and the cost of the necessary additional capacity required to accommodate the postulated transfer students. "High excess capacity" is based on reverting to the highest pupil/teacher ratios experienced in the past six years. The "low excess capacity" calculations employed the pupil/teacher ratio associated with the peak year enrollment or the year immediately preceding the base year, 1970. Construction costs were calculated on the basis of the number of additional teacher stations required beyond those existing times the average classroom construction costs for the area.

* Notre Dame Study, Bartell.
** NEA Research Report, 1969, R7.

Additional Expenditures	High Excess Capacity	Low Excess Capacity
Annual Operating Costs	$1,348,655,147	$3,176,371,885
New Construction Costs	$4,673,224,567	$9,896,300,446 *

The impact would be disproportional ,with seven states--New York, Pennsylvania, New Jersey, Illinois, California, Ohio and Michigan--accounting for about 70% of all costs for the United States. There are three reasons for the relatively high costs in these industrial states:

1. Concentration of nonpublic students in these states is high.
2. Public school costs are high in these areas.
3. Public school enrollments have not fallen as much as in other parts of the nation.

* Notre Dame Study, Bartell

CHOICE IN EDUCATION

The traditional reason for the existence of nonpublic schools has been to provide an acceptable alternative to the state monopoly of primary and secondary education. This preference for alternatives was graphically outlined by the responses to a 1969 Gallup Poll. A surprisingly high number of parents in the sample group would send their children to either a private (18%) or parochial (22%) school rather than to a public school (57%) if the tuition were free. Three percent had no opinion.*

* "How The Public Views Nonpublic Schools," 1969.

The desire for the existence of options in education is important, but the outcomes that follow the exercise of such options have their positive effects as well. In their report to the President's Commission Erickson and Madaus offered the following:

1. "Nonpublic schools encourage ethnic and religious diversity thus assisting in the maintenance of the kind of positive distinctives that major segments of the population desire 'which effectively' defuse disruptive impulses."
2. "A strong rationale in favor of aid to nonpublic schools may be derived from the assumption that cultural diversity is essential to individual well-being and social liveliness, as well as to the exercise by individuals of the choices that are their basic right. When it leaves no room for its diversity, government is usurpting into itself and its agencies unwarranted powers of endoctrination; cutting off the availability of life-style options."
3. "Nonpublic schools provide educational options not available in the public sector."

"Public school programs tend to be strongly middle-class, white in their measures of success. There is little wonder that minority students feel outside the narrow conformity required."

"Nonpublic schools, catering to constituencies much smaller in size and more homogeneous in outlook, can adapt more readily to patron demands."

"Nonpublic schools operate largely outside the constraints of 'standards that have no shred of evidence to support them and that have been attacked repeatedly for their irrationality'."

4. "In some racially integrated communities, nonpublic schools are a vital instrument for preserving integration, nonpublic schools help prevent a rapid exodus of whites and thus keep open the possibility of developing reapproachment between blacks and whites. Nothing could be worse in this regard than for whites to continue fleeing from blacks, intensifying the geographic separation of the races and polarizing more and more the interests of the cities and the suburbs." *

In a word, nonpublic schools have long offered the children of both "new" and "old" Americans an opportunity to be educated as a patrotic citizen, while at the same time maintaining a link with the rich heritage that was uniquely their own. And this contribution continues to be largely urban--the area of modern America most in need of this kind of positive support and humane involvement.

Unfortunately, a substantial portion of the population is denied access to these schools despite evidence of great interest and potential demand in the urban cores of virtually every large city. The Census Bureau figures, eluded to earlier, show a disproportionate amount of under use by those with family incomes below $7,500. At those income levels even the relatively low Catholic elementary school tuition and fees average of $70.04 (1971) * might prove prohibitive. The higher tuitions of other elementary and all secondary schools erect even more effective financial barriers.

* A Report on U.S. Catholic schools, 1970-71, National Catholic Educational Association.

There are indications that the potential demand for center city private and religious schooling is very great. The contrast between such schools and the all too typical ghetto public school does not go unnoticed by concerned parents desiring an immediate upgrading of their children's education and a more human atmosphere in which to grow as a person.

Federal and state support of educational choice hardly allows for anything approaching financially equal opportunity. While public school support from Washington averages about $60 per student, nonpublic schools receive only some $20 (both 1968-69). The programs available in the several states vary to considerable extent, but none offers more than a bare fraction of the funds available to the public schools. The end result is the rich may choose their public schools by the purchase of housing or expend surplus income on private schools of their choice. The middle-class finds itself somewhat less free to exercise choice in the housing market that so often dictates public school enrollment, but still finds some nonpublic schools within their financial reach. The poor are left with the smallest range of choice in both housing location and education alternatives. They often suffer inferior education as a result.

The lack of choice in education for many Americans may not be directly quantified in the nonpublic school enrollment problems of the 60's and now into the 70's, but its remedy, partial at worst, may well be there.

THE ENROLLMENT SHIFT - ITS EXTENT AND CAUSES

Nonpublic schools are losing students. The shift of students from nonpublic to public schools has resulted in consistent enrollment losses

for Catholic elementary schools since the mid 60's peak years. More recently, the Catholic high schools, as well as the whole range of grades in many other religious schools, have ceased to grow or turned downward in numbers.

In gross national figures, we see a projected continuation of the trends of the recent past:

		Projected *	
	1970	1975	1980
Catholic School Enrollment	4,367,774 (100%)	2,972,745 (68.1%)	2,098,000 (48.0%)
Non-Catholic School Enrollment	914,793 (100%)	845,300 (92.4%)	763,900 (83.5%)
Totals	5,283,567 (100%)	3,818,045 (72.3%)	2,861,900 (54.2%)

(1970 used as the base year)

Enrollment declines seem to be a function of a combination of elements which include:

1. Urban to suburban mobility and with it comparatively much better public schools than found in the city. Nonpublic suburban schools on the whole tend to be better too than their city counter parts, but the contrast in the suburbs between public and nonpublic is not nearly that which exists in the city.

2. The lack of dollars and cents must play a part in the decline. Contributions are down with the economy. Tuitions climb but generally fail to keep pace with the fast growing costs of education. The loss of students itself complicates matters by reducing the base for school support.

3. Changing parental attitudes are evident. The younger parents are seeking both new forms and new substance in the education of their children. New religious attitudes have also reduced church-school support.

* Notre Dame Study , Brown

4. The loss of contributed services by religions has been especially hard on the Catholic schools. This valuable asset has been greatly reduced by the decline of religious order teachers. Growing numbers of lay teachers, receiving substantially higher salaries, have lowered pupil/teacher ratios, but at the same time contributed heavily to upward spiraling costs.

5. Academic competition with tax supported schools puts most non-public schools at distinct disadvantages when recruiting and offering valuable but costly programs. The generous public support to public schools has resulted in a widening of the available expendable dollars each enjoys.

6. The declining birth rate and the passage of the post-war baby boom have decreased demand for places in all elementary schools (public and nonpublic). This not only lessens demand, but further complicates matters by allowing relatively low cost absorption of at least a portion of the transfer students each year in many parts of the country.

It has been suggested by some researchers that enrollment losses (largely Catholic in both past and projection) have one overriding motive. That is, full acceptance into American society of Catholic citizens and a lack of further need for a separate protected and culturally supportive education system. This thesis finds a measure of support in a review of historical nonpublic school losses by various Protestant sponsored schools in the late Nineteenth and early Twentieth Centuries.

To what extent are these enrollment losses correctable by public intervention? What form would effective intervention take? What would effective intervention cost?

PUBLIC POLICY ALTERNATIVES

Vast numbers of Americans have, in the past, contributed great sums of private money, material resources and personal services to privately supported alternatives to public education. That support reflects a total annual commitment equal to about $2 billion or approximately 2/3 of the total existing Federal expenditure for elementary and secondary school. Not only can this private investment be lost, but additional public burdens added by the continued loss of enrollment.

Public policy should seek to:

1. Encourage continued private investment in elementary and secondary education.

2. Promote a free market of ideas and educational practice.

3. Foster real choice in education for all economic levels.

The aid forms that could be utilized as the vehicles for the implementation of such a policy must meet the constitutional tests resulting from the Supreme Court decisions of June 28, 1971 in Lemon-DiCenso. The main points of those cases, as they bear on the aid form alternatives, are:

1. Two forms of aid are clearly unconstitutional, namely,

   Purchase of Secular Services - Reimbursement by the government to a nonpublic school for part or all of the costs incurred in providing instruction in designated secular subject (i. e. mathematics, modern foreign languages, physical science, physical education)

   and

   Teacher Salary Supplements - Publicly funded salary supplements paid to nonpublic school teachers who meet specific requirements.

2. A long list of aid forms must be placed in limbo of constitutionality pending court test:

Performance Contracts - A performance contract is an agreement by a firm or individual to produce specified results by a certain date, using acceptable methods, for a set fee. The parties may agree in advance that, if the conditions are not met by that date, the firm must continue its efforts, for no additional fee, until they are met; and also that if the requirements are exceeded, either by early completion or by a higher level of achievement, the fee will be increased by specific amounts.

Education Vouchers - In its simplest form a voucher plan may be described as a program which operates as follows: the government issues the voucher to parents, the parents take the voucher to the school of their choice, the school then returns the voucher to the government and receives a certain amount of cash based on some pre-determined formula. A number of variations are possible. They might include: educational allowances of equal amount for all nonpublic school students; allowances for the needy only, these would be usable in any approved nonpublic school; inverse sliding scale allowances which would be based on income and need factors.

Tax Adjustments - Tax adjustments would provide for reimbursement to the parent or guardian of a nonpublic school student of all or a part of the education expenses incurred. Reimbursement would be made through the taxing mechanism.

Learning Centers - Publicly financed facilities open to the community as a whole specially equipped and staffed for either a specific set or a wide variety of instructional uses.

Public School Teachers in Nonpublic Schools - A publicly funded program which provides for all or a portion of the costs of publicly employed full or part-time teachers to instruct nonpublic school pupils in their own schools.

Nonpublic School Facility Lease - Reimbursement for the leasing of portions of nonpublic schools for use by the public schools for public education.

Capital Development Loans - Public funds would be used to either supply (capitalize), supplement (the interest payments) or guarantee (insure) programs, thus making low cost loans available to schools for construction.

Student Loans - A public program which allows nonpublic school students to borrow funds to finance their education according to legislative regulations.

Scholarships - Financial awards earned by reason of demonstrated scholastic ability and/or financial need.

Experimentation and Innovation - The funding of programs for the development and testing of new methods of teaching and learning.

Deductable - Public aid would be the difference between a pre-determined figure (the deductable) and the average per pupil public school expenditure.

Per Pupil Grants - A program of grants of public money awarded on a per pupil basis. These grants might be made either to the student or nonpublic school and may or may not be earmarked for specific purposes.

3. A number of aid forms are expected to be, at least for the moment, constitutional because of actual court tests or general concensus of legal scholars:

Dual Enrollment - Public funding of a program which allows for the sharing of the school time of children between public schools, which provide secular education in a denominationally neutral context, and nonpublic schools which may proceed with a specific denominational religious context. In the most common application children journey from a nonpublic school to a nearby public school for instruction in such subjects as science, home economics, industrial arts, business education, etc.

Mandated Services Reimbursement - Payment by the government to nonpublic schools for the expenses incurred in meeting publicly mandated services to nonpublic school students.

Education Support Services - Guidance, testing, counseling, remedial reading, programs for improving the educational and cultural status of disadvantaged pupils, and media services.

Transportation - Publicly funded programs for the transportation of nonpublic school children from a pre-determined place at or near their homes to a point at or near their school and their return at the end of the school day.

Health Services - General health programs such as health examinations, hearing and sight testing, preventative medicine, health counseling and such others as provided by law.

Textbooks - Publicly funded programs which provide for the purchase of textbooks or the loan of textbooks to nonpublic school students.

Grants for Equipment - A program of public grants to nonpublic schools for the development and support of specific types of education through equipment purchase (i.e. reading laboratories, audio-visual equipment, language labs, scientific equipment, etc.).

Driver Education - Allowing nonpublic school pupils to participate in any public school program of driver education or any publicly sponsored driver education program given at the nonpublic school.

Nutrition - Publicly funded programs which provide for all or a portion of free or reduced cost milk, meals or other forms of nutrition to those students who qualify.

Handicapped Children - Any publicly funded program which includes nonpublic school pupils who are deaf, blind, emotionally disturbed, crippled, or in any way physically handicapped.

A combination of complications in the governance and financing of American education, as well as the special problems associated with public aid to nonpublic schools, requires us to view the development of a viable public policy at the national, state and local levels. Aid forms appropriate to and operative at each level must be set forth as alternatives if a truly Federal approach is to be found.

NATIONAL LEVEL ALTERNATIVES

1. The continuation of existing programs with addition of sufficient funds to bring about a closer approximation of Federal money expended on public school students.

2. The development of new grant programs expanding the areas of use by the individual schools. Inclusion on an equal basis with public students in any general programs of Federal aid.

3. Tax credits for approved expenditures, such as tuition and fee payments.

4. The inclusion of nonpublic school students in a general Federal education voucher program.

5. A national loan program which would allow participation by nonpublic students and/or schools.

STATE LEVEL ALTERNATIVES *

1. Any one or more of the list of constitutional programs:

   a. Dual Enrollment
   b. Mandated Services Reimbursement
   c. Education Support Services
   d. Transportation
   e. Health Services
   f. Textbooks
   g. Grants for Equipment
   h. Driver Education
   i. Nutrition
   j. Handicapped

* State constitutions vary on the matter of public funds for nonpublic schools. As a result, both the state and the local alternatives listed represent a range of possibilities that might well include unconstitutional aid forms under the constitutional tests of a specific state.

2. Performance contracts for basic skills training. This would probably require incorporation of the church school as a nonprofit corporation for education.

3. Education vouchers offer a wide variety of alternatives:

   a. Equal amount vouchers for all students.
   b. Vouchers for only those below a set income level.
   c. Vouchers inversely proportioned to income.
   d. Vouchers based on an existing state payment such as the foundation grant or per pupil average expenditure.

4. Tax adjustments exist in both deduction and credit form against state income taxes.

5. Learning centers offer a unique opportunity for a state to foster cooperation between public and nonpublic schools. Education ventures not possible on the individual school level might prove effective on a regional basis out of learning centers.

6. The use of public school teachers in nonpublic schools may offer a form of short-term support to financially troubled schools. This can be coordinated with a facility lease program and dual enrollment, thus eliminating the need for busing students between the public and nonpublic schools.

7. Scholarships may provide a method of lifting the best potential scholars out of substandard ghetto schools and offering them a higher quality elementary and secondary education.

8. Per pupil grants will probably require specific determination as to use in order that constitutionally acceptive services or equipment are bought.

LOCAL LEVEL ALTERNATIVES

1. The usual organization of American education allows the incorporation of virtually all the state forms listed previously with the following exceptions:

   a. Mandated services are state level in origin.
   b. A voucher plan based on some fraction of the local contribution to education would probably require state approval in most states.
   c. Tax adjustment options at the local level would rest heavily against the local property tax of necessity.
   d. As a general rule, the law making power in education rests with the state as a result most local aid to nonpublic education plans would require state enabling legislation.

These then are the choices at each level. A final plan must be developed by choosing from each of the three sets of alternatives. Thus the following might offer an example of a program combination ~~policy~~:

National Level - 1. Add funds to existing programs.
2. Make the inclusion of nonpublic education in all new programs a firm requirement.
3. Allow for tax credits for a portion of tuition costs.

State Level - 1. Reimbursement for mandated services.
2. Legislation authoring dual enrollment programs.
3. Supplement Federal nutrition programs.
4. Provide free textbooks.

Local Level - 1. Free transportation for nonpublic school students in public school buses.
2. Health Services.
3. Cooperative use of athletic and meeting facilities in public buildings (school, library, parks, etc.).

Tri-level cooperative ventures of this sort would contribute to the building of a truly Federal response to this problem.

Nonpublic schools play an important role in American education for the many reasons already presented. There is, however, still another consequence of their existence. New and reconstituted nonpublic schools have a special potential as alternatives to establishment education. They can infuse a vitality and newness of approach that is often lacking in the large and the tradition bound. Eventually their methods may prove valuable to all education, as well as to the immediate advantage of their own students. Education must be freed up. Substantial financial assistance to nonpublic education may encourage a new openness to ideas in all schools.

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